

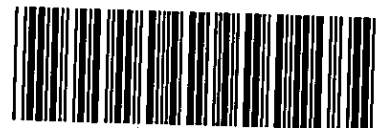
**J R Smart (Builders) Limited**

**Directors' report and financial  
statements**

**Registered number 1148586**

**31 December 2012**

WEDNESDAY



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COMPANIES HOUSE

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## **Directors' report**

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2012

### **Principal activities**

The principal activity of the group during the year was property development

### **Exceptional Item**

Since the end of the financial year contracts have been exchanged for the sale of the Company's Capital Link property. As a consequence of this expected disposal, amounts previously carried forward as accrued income relating to rents receivable (and held within debtors) in relation to this particular property have been written off against other income as an exceptional item.

### **Business review**

- Overheads were again controlled in line with expectations
- Sales increased in 2012, this was as a consequence of the Ocean Park House sale
- The directors consider the granting of leases in relation to trading stock of properties significantly enhances the attractiveness of the properties to potential purchasers

### **Financial risk report**

- Development projects are only started (or sites acquired) after our Quantity Surveyor and Agents have carried out suitable due diligence on our behalf
- Moving forward, we are aware that the credit crunch has dramatically reduced availability of funding. However, through our longstanding relationship with the Bank of Scotland we have been able to agree ongoing terms funding through to 2014

### **Outlook**

- 2013 onwards promises to be a period of relative calm however and, given our portfolio of well located new build quality stock which is immediately available, we are confident of continuing to attract tenants and purchasers
- As referred to above, post year end we exchanged on the sale of Capital Link to the EWM Group. The income from the sale is anticipated to fall into the accounting period for 2013

### **Dividend paid**

No dividends were paid during the year (2011 £Nil)

### **Directors**

The directors who held office during the year were

J R Smart (Chairman)  
AG Smart  
GE Smart

## **Directors' report** *(continued)*

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office

By order of the board



**AG Smart**  
*Secretary*

7/8 Park Place  
Cardiff  
CF10 3DP

2 July 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

**Independent auditor's report to the members of JR Smart (Builders) Limited**

We have audited the financial statements of JR Smart (Builders) Limited for the year ended 31 December 2012 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private](http://www.frc.org.uk/apb/scope/private).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

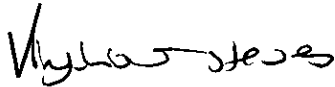
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of JR Smart (Builders) Limited** *(continued)*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Virginia Stevens** (Senior Statutory Auditor)  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

31 May 2013

**Profit and loss account**  
*for the year ended 31 December 2012*

	<i>Note</i>	<b>2012 Results before exceptional items £</b>	<b>2012 Exceptional items £</b>	<b>2012 Total results £</b>	<b>2011 £</b>
<b>Turnover</b>	<i>1</i>	<b>1,698,357</b>	<b>-</b>	<b>1,698,357</b>	938,021
Cost of sales		<b>(1,280,972)</b>	<b>-</b>	<b>(1,280,972)</b>	(618,863)
<b>Gross profit</b>		<b>417,385</b>	<b>-</b>	<b>417,385</b>	319,158
Administrative expenses		<b>(971,821)</b>	<b>-</b>	<b>(971,821)</b>	(648,291)
Other income	<i>2</i>	<b>1,668,734</b>	<b>(1,307,672)</b>	<b>361,062</b>	1,341,241
<b>Operating (loss)/profit</b>	<i>2</i>	<b>1,114,298</b>	<b>(1,307,672)</b>	<b>(193,374)</b>	1,012,108
Interest receivable and similar income	<i>5</i>	<b>-</b>	<b>-</b>	<b>-</b>	95
Interest payable and similar charges	<i>6</i>	<b>(623,784)</b>	<b>-</b>	<b>(623,784)</b>	(453,415)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>490,514</b>	<b>(1,307,672)</b>	<b>(817,158)</b>	558,788
Tax on (loss)/profit on ordinary activities	<i>7</i>	<b>161,225</b>	<b>-</b>	<b>161,225</b>	(174,609)
<b>(Loss)/profit for the financial year</b>	<i>16</i>	<b>651,739</b>	<b>(1,307,672)</b>	<b>(655,933)</b>	384,179

All amounts relate to continuing operations

There are no recognised gains and losses other than the (loss)/profit for the years reported above. There is also no difference between the (loss)/profit for either of the financial years stated above and their historical cost equivalents.

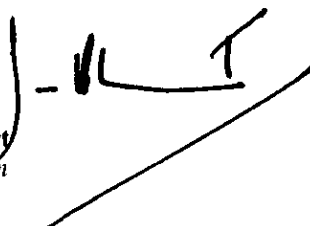
The notes on pages 9 to 17 form part of these financial statements.



**Balance sheet**  
**at 31 December 2012**

	Note	£	2012 £	2011 £
<b>Fixed assets</b>				
Tangible assets	8		113,423	151,717
Investments	9		9,100	9,100
			<u>122,523</u>	<u>160,817</u>
<b>Current assets</b>				
Stocks	10	27,783,013	26,325,865	
Debtors	11	871,631	1,734,358	
Cash at bank and in hand		145	1,035	
		<u>28,654,789</u>	<u>28,061,258</u>	
<b>Creditors</b> amounts falling due within one year	12	(1,291,558)	(2,330,388)	
<b>Net current assets</b>			<u>27,363,231</u>	<u>25,730,870</u>
<b>Total assets less current liabilities</b>			<u>27,485,754</u>	<u>25,891,687</u>
<b>Creditors</b> amounts falling due after more than one year	13		(13,750,000)	(11,500,000)
<b>Net assets</b>			<u>13,735,754</u>	<u>14,391,687</u>
<b>Capital and reserves</b>				
Called up share capital	15		1,500	1,500
Profit and loss account	16		13,734,254	14,390,187
<b>Equity shareholders' funds</b>	17		<u>13,735,754</u>	<u>14,391,687</u>

These financial statements were approved by the board of directors on 2 July 2013 and were signed on its behalf by

  
J R Smart  
Chairman

Company registered number 1148586

**Cash flow statement**  
*for the year ended 31 December 2012*

	<i>Note</i>	2012 £	2011 £
Cash outflow from operating activities		(522,999)	(2,834,356)
Returns on investment and servicing of finance	22	(623,784)	(453,320)
Taxation paid		(157,929)	(46,541)
Capital expenditure and financial investment	22	845	(47,131)
Financing	22	1,750,000	5,906,154
		<hr/>	<hr/>
<b>Increase in cash in the year</b>		<b>446,133</b>	<b>2,524,806</b>
		<hr/>	<hr/>

**Reconciliation of operating profit to net cash outflow from operating activities**

	2012 £	2011 £
Operating (loss)/profit	(193,374)	1,012,108
Depreciation charges	37,638	41,192
Profit on sale of fixed assets	(189)	(7,284)
Impairment of accrued income	1,307,672	-
Increase in stocks	(1,457,148)	(3,191,897)
Increase in debtors	(284,024)	(567,414)
Increase/(decrease) in creditors	66,426	(121,061)
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(522,999)</b>	<b>(2,834,356)</b>
	<hr/>	<hr/>

**Reconciliation of net cash flow to movement in net debt**

	<i>Note</i>	2012 £	2011 £
Increase in cash in the year		446,133	2,524,806
Decrease/(increase) in director's loan	23	500,000	(406,154)
(Increase) in bank loan		(2,250,000)	(5,500,000)
Net debt at the beginning of the year	23	(13,192,556)	(9,811,208)
		<hr/>	<hr/>
<b>Net debt at the end of the year</b>	23	<b>(14,496,423)</b>	<b>(13,192,556)</b>
		<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

#### ***Going concern***

The company is profitable and has a strong balance sheet, with net current assets of £27.4m and net assets of £13.7m. Furthermore, the forecasts for the next twelve months indicate that the company will continue to be profitable and cash generative and meet its obligations as they fall due and for at least twelve months from the date of approval of the financial statements. Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold improvements	-	life of lease
Fixtures and fittings	-	15% per annum reducing balance
Plant and machinery	-	25% per annum reducing balance
Motor vehicles	-	25% per annum reducing balance

#### ***Stocks - work in progress and property held for resale***

Stocks are stated at the lower of cost and net realisable value. Cost comprises land, materials, direct labour and an appropriate proportion of construction overheads.

#### ***Investments***

Investments are shown at cost less provision for any permanent diminution in value.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### ***Pension costs***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### ***Turnover***

Turnover comprises the value of sales (excluding VAT) of properties and related services of properties located in the United Kingdom. Turnover is recognised when the risks and rewards are transferred to the customer. This is normally on transfer of legal title.

## Notes (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.

#### Research and development

Research and development expenditure is written off in the year in which it is incurred.

#### Other income

Other income represents rents receivable from tenants of properties in the course of development and income generated out of activities that are not related to property sales. Other income is recognised on an accruals basis.

### 2 Operating (loss)/profit

*Operating (loss)/profit is stated after charging/(crediting)*

	2012 £	2011 £
Depreciation	37,638	41,192
Auditors' remuneration		
- audit of these financial statements	19,000	18,500
- other services relating to taxation	21,500	21,000
Operating lease payments in respect of other operating leases	21,957	22,892
Profit on sale of fixed assets	(189)	(7,284)
Exceptional item - impairment of accrued income	1,307,672	-
	<hr/>	<hr/>

At the date of signing these financial statements the company has exchanged contracts for the sale of the Capital Link property. As a result, the accrued income recognised in respect of the lease incentive was expensed in the year in line with financial reporting standards.

### 3 Remuneration of directors

	2012 £	2011 £
Directors' emoluments		
Remuneration (including benefits in kind)	283,190	279,857
	<hr/>	<hr/>

The highest paid director received remuneration of £145,130 (2011 £141,422). No pension contributions are accruing for this director (2011 £Nil).

Retirement benefits are accruing to 2 directors (2011 two directors) under a defined contribution pension scheme.

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2012	2011
Administration	4	4
Site workers	3	3
	<u>7</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows

	2012	2011
	£	£
Wages and salaries	302,813	298,678
Social security costs	48,408	47,170
	<u>351,221</u>	<u>345,848</u>

### 5 Interest receivable and similar income

	2012	2011
	£	£
Bank interest receivable	-	95
	<u>-</u>	<u>95</u>

### 6 Interest payable and similar charges

	2012	2011
	£	£
On bank overdraft and loans	562,265	387,132
On other loans	61,519	66,283
	<u>623,784</u>	<u>453,415</u>

## Notes (continued)

### 7 Taxation

The (credit)/charge for taxation comprises

	2012 £	2011 £
<b>UK Corporation tax</b>		
Current tax on income for the year	(157,938)	158,233
Adjustments in respect of previous years	(295)	-
Total current tax	(158,233)	158,233
<b>Deferred tax (see note 14)</b>		
Origination and reversal of timing differences	(2,992)	16,376
<b>Tax on (loss)/profit on ordinary activities</b>	<b>(161,225)</b>	<b>174,609</b>

#### Factors affecting the tax charge/(credit) for the year

The current tax charge/(credit) for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	(817,158)	558,788
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(200,204)	148,079
Expenses not allowable for tax purposes	13,104	16,061
Difference between depreciation and capital allowance	(247)	(5,372)
Other timing difference	-	12,778
Current year losses unutilised	28,965	-
Small companies relief	-	(13,313)
Adjustments in respect of previous years	(295)	-
Current tax for the year	(158,233)	158,233

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

## Notes (continued)

### 8 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>					
At beginning of year	13,755	23,098	13,740	239,226	289,819
Additions	-	-	-	59,155	59,155
Disposals	-	-	-	(121,372)	(121,372)
At end of year	13,755	23,098	13,740	177,009	227,602
<b>Depreciation</b>					
At beginning of year	13,755	19,975	13,205	91,167	138,102
Charge for the year	-	468	134	37,036	37,638
Disposals	-	-	-	(61,561)	(61,561)
At end of year	13,755	20,443	13,339	66,642	114,179
<b>Net book value</b>					
At end of year	-	2,655	401	110,367	113,423
At beginning of year	-	3,123	535	148,059	151,717

### 9 Fixed assets investments

	Shares in group undertakings £	Unlisted investments £	Total £
<b>Cost</b>			
At beginning and end of year	100	9,000	9,100

#### Unlisted investments

Investments are unquoted and, in the opinion of the directors, their market value is not materially different from their cost

### 10 Stocks

	2012 £	2011 £
Work in progress and property for resale	27,783,013	26,325,865

## Notes (continued)

### 11 Debtors

	2012 £	2011 £
Trade debtors	166,464	111,756
Prepayments and accrued income (see note 2)	213,188	1,288,434
Corporation tax	157,929	-
Deferred tax asset (see note 14)	302,579	299,587
Other debtors	31,471	34,581
	<u>871,631</u>	<u>1,734,358</u>

### 12 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft	90,414	537,437
Trade creditors	142,759	123,411
Corporation tax	-	158,233
Other creditors including taxation and social security	708,043	1,185,536
Accruals and deferred income	350,342	325,771
	<u>1,291,558</u>	<u>2,330,388</u>

Included in other creditors is a loan of £656,154 (2011 £1,156,154) payable to one of the directors, Mr J R Smart

### 13 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Bank loan	<u>13,750,000</u>	<u>11,500,000</u>

In February 2012 a new revolving credit facility through to 31 December 2014 of £16,000,000 was secured, along with a working capital facility of £581,000. The facility is secured against The Capital Quarter (Tyndall Street), Capital Business Park and Capital Link stock holdings. Interest is payable on the loan at a rate of 3 month LIBOR plus 3.25%.



## Notes (continued)

### 14 Deferred tax

	£
At beginning of year	299,587
Credit for the year in the profit and loss account	2,992
	<hr/>
At end of year	<b>302,579</b>
	<hr/>

The deferred tax asset, calculated using the liability method, is analysed as follows

	2012 £	2011 £
Differences between depreciation and capital allowances	4,024	4,626
Losses carried forward	298,555	294,961
	<hr/>	<hr/>
Deferred tax asset (see note 11)	<b>302,579</b>	299,587
	<hr/>	<hr/>

### 15 Called up share capital

	2012 £	2011 £
<i>Authorised, allotted, called up and fully paid</i> 1,500 ordinary shares of £1 each	1,500	1,500
	<hr/>	<hr/>

### 16 Profit and loss account

	2012 £	2011 £
(Loss)/profit for the financial year	(655,933)	384,179
Retained profit brought forward	14,390,187	14,006,008
	<hr/>	<hr/>
Retained profit carried forward	<b>13,734,254</b>	14,390,187
	<hr/>	<hr/>

### 17 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
(Loss)/profit for the financial year	(655,933)	384,179
Opening shareholders' funds	14,391,687	14,007,508
	<hr/>	<hr/>
Closing shareholders' funds	<b>13,735,754</b>	14,391,687
	<hr/>	<hr/>

## Notes (continued)

### 18 Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme during the year and amounted to £Nil (2011 £Nil). There were no outstanding contributions at the end of the financial year (2011 £Nil).

### 19 Related party transactions

JR Smart Limited paid open market rent and service charges of £ 30,256 (2011 £26,735) to the directors' pension scheme in respect of the company's office accommodation. The Company also purchased services from MIB Framespace Structures Ltd, a related party, of £118,706 (2011 £nil) in the year at an open market rate.

Included in other creditors is a loan of £656,154 (2011 £1,156,154) payable to JR Smart, a director of the company. Interest of £61,519 was charged in respect of 2012 (2011 £48,385).

### 20 Capital commitments

There are no outstanding capital commitments at 31 December 2012 (2011 £Nil).

### 21 Operating leases

At the year end operating leases, in respect of property, existed with annual commitments expiring as follows:

	2012 £	2011 £
Within 1 year	22,386	22,892
Between 2 and 5 years	-	-
Over 5 years	-	-
	<u>22,386</u>	<u>22,892</u>

## Notes (continued)

### 22 Analysis of cash flows

	2012 £	2011 £
<b>Returns on investment and servicing of finance</b>		
Interest received	-	95
Interest paid	(623,784)	(453,415)
	<u>(623,784)</u>	<u>(453,320)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire property, plant or equipment	(59,155)	(82,184)
Receipts from sales or disposals of property, plant and equipment	60,000	35,053
	<u>845</u>	<u>(47,131)</u>
<b>Financing</b>		
(Decrease)/increase in director's loan	(500,000)	406,154
Increase in bank loan	2,250,000	5,500,000
	<u>1,750,000</u>	<u>5,906,154</u>

### 23 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash	1,035	(890)	145
Bank overdraft	(537,437)	447,023	(90,414)
	<u>(536,402)</u>	<u>446,133</u>	<u>(90,269)</u>
Director's loan	(1,156,154)	500,000	(656,154)
Bank loan	(11,500,000)	(2,250,000)	(13,750,000)
	<u>(13,192,556)</u>	<u>(1,303,867)</u>	<u>(14,496,423)</u>

### 24 Post balance sheet events

In March 2013 the company exchanged on the sale of Capital Link to the EWM Group. The deal is expected to complete in 2013.

In June 2013 the Company reached agreement to sell No 1 Capital Quarter to Welsh Government. The deal is expected to complete in April 2014.